The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russian Government to Underspend by One Trillion Rubles in 2019

Government set to miss budget plans by biggest margin for nine years, Audit Chamber warns.

November 11, 2019



With 80% of the year gone, the Russian government has spent just 62% of its planned budget. **Igor Ivanko / Moskva News Agency**

The Russian government could undershoot its annual spending plans by more than one trillion rubles ($15.6 billion), a state watchdog warned Monday.

In the first 10 months of 2019, government departments and agencies have spent less than two-thirds of the year's planned expenditure, and will struggle to make-up the difference before the end of the year, deputy chairman of the Audit Chamber Galina Izotova said at a Duma committee hearing.

So far, the government is running 778 billion rubles behind schedule — the biggest difference between the official budget and actual expenditure since 2010, Izotova said, in comments

reported by Russian daily Vedomosti.

Related article: What's Next for Russia's Economy?

The Russian government typically fails to hit its spending targets, but the scale of this year's miss stands out. In 2016, for instance, the government was running 220 billion rubles behind schedule at the same point in the year.

Russia ran a budget surplus equal to 2.7% of GDP last year, and despite plans to loosen the purse strings is still on course to run a surplus this year and in 2020.

The Audit Chamber added that spending on the government's flagship six-year $400 billion National Projects program of infrastructure investments is running even further behind schedule. In the year to September, just 52.1% of annual spending had been completed.

The Central Bank recently cited the significant underspend as a reason for slower growth and weaker than expected inflation — factors which have triggered sharp interest rate cuts over the course of the year. Interest rates are currently at 6.5%, down from 7.75% in January, and analysts are predicting another cut when the bank's rate-setting committee next meets in December.

Budgeted funds which are not spent in 2019 will be carried forward into next year's spending plans, the Finance Ministry previously said.

Original url:
https://www.themoscowtimes.com/2019/11/11/russian-government-underspend-budget-trillion-rubles-2019-a68122